

# Memorandum

## Tab 71

To: CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: August 20, 2014

Reference No.: 2.5e.(1)  
Action Item

From: NORMA ORTEGA  
Chief Financial Officer

Prepared by: Rachel Falsetti, Chief  
Division of  
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECT  
RESOLUTION FA-14-02**

### **RECOMMENDATION:**

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) allocate an additional \$534,000 for one State Highway Operation and Protection Program (SHOPP) project identified below.

### **ISSUE:**

Additional funds are needed for one previously approved project in order to complete the construction contract.

### **RESOLUTION:**

Resolved, that \$534,000 be allocated from the Budget Act of 2011, Budget Act Item 311-0042 to provide additional funds to allow the following project to complete construction.

<u>Project</u>	<u>Dist-Co-Rte</u>	<u>Original Allocated Amount</u>	<u>Current Allocation</u>	<u>Allocation Adjustment</u>	<u>Revised Allocation</u>	<u>% Increase Above Current Allocation</u>
1	01-Hum-L5506	\$8,716,000	\$9,592,195	\$534,000	\$10,126,195	5.6%

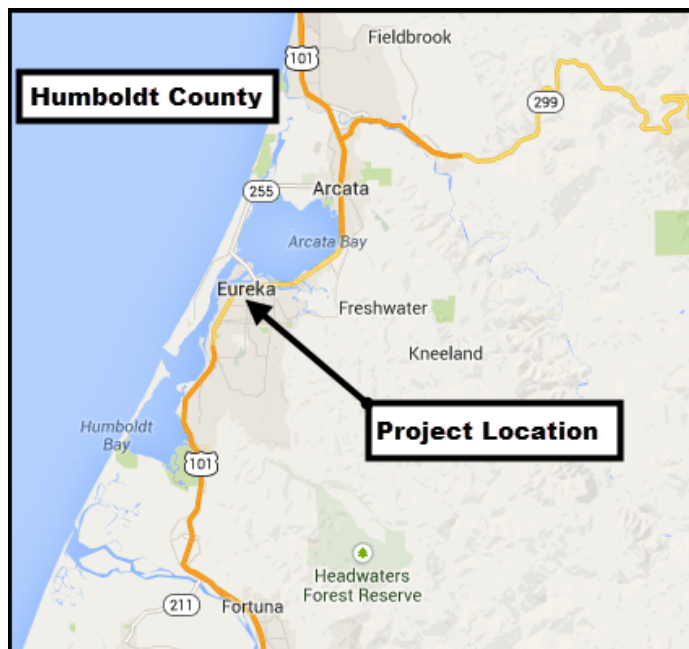
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Project # Allocation Amount Recipient County Dist-Co-Rte Postmile	Location Project Description Reason for Supplemental Funds	PPNO Program Funding Year Item # Fund Type Program Codes Project ID Adv Phase EA	State Federal Current Amount by Fund Type	State Federal Additional Amount by Fund Type	State Federal Revised Amount by Fund Type
<b>2.5e.(1) Supplemental Funds for Previously Voted Projects</b>			<b>Resolution FA-14-02</b>		
1 \$534,000  Department of <u>Transportation</u> Humboldt  01-Hum-L5506 N/A	Eureka District Office Building.  <u>Outcome/Output:</u> Upgrade District Office infrastructure to correct building deficiencies as identified by the Department of General Services.  Supplemental Funds needed to complete construction.  Total Revised Amount: \$10,126,195  <b><u>ALLOCATION IS CONTINGENT UPON APPROVAL OF AN EXECUTIVE ORDER BY THE DEPARTMENT OF FINANCE.</u></b>	01-2039B SHOPP 2011-12 311-0042 SHA 20.20.201.353 0100020396 4 0A8304	\$9,592,195	\$534,000	\$10,126,195

**RECOMMENDATION:**

The Department recommends that this request for \$534,000 be approved to allow the Department to complete construction on this project.



*"Provide a safe, sustainable, integrated and efficient transportation system  
to enhance California's economy and livability"*

**PROJECT DESCRIPTION:**

This project is located in Humboldt County in Eureka at the District 1 Office building. The project upgrades the Eureka District Office infrastructure and corrects building deficiencies as identified by the State Fire Marshal (SFM), Department of General Services (DGS). This complies with the California Building code, and American with Disabilities Act (ADA) requirements.

The work renovates and modernizes the three-story, 81,000 square foot building built in 1953, including installation of a fire alarm system, expansion of the fire sprinkler system, replacement of the heating/ventilation system, upgrading electrical systems, ADA improvements and replacement of interior finishes.

**FUNDING STATUS:**

The project was originally programmed into the 2010 SHOPP for \$4,674,000 and was voted for \$8,716,000. The increase in cost included the modernization at the direction of the Department of Finance (DOF). To award the project, \$432,873 under resolution G-12 authority was allocated. An additional \$443,322 was allocated to the project by the Department under resolution G-12 authority in December 2013 to address additional seismic bracing of unsupported walls and internal leakage, as well as related design/engineering services. An additional \$534,000 in supplemental funds is needed to complete the construction contract for an increase of 5.6 percent over the current allocation.

**REASONS FOR COST INCREASE:**

This request is due to the age and complexity of this facility including conditions encountered and the need to address deficiencies cited by the State Fire Marshal with oversight being provided by Department of General Services Project Management and Development Branch.

The reasons for the cost increase can be attributed to estimates provided by Department of General Services:

1. Pending Project Change Orders (PCO's) - \$92,000  
Costs include the need for additional seismic bracing, State Fire Code requirements to provide one-hour rated fire walls around information technology server rooms and other miscellaneous items.
2. Change-out of Flow Limiting Valves - \$100,000  
Department of General Services Mechanical Design required the installation of Fixed Orifice Balance Valves in the Heating, Ventilation and Air Conditioning system (HVAC) as part of this contract. Due to on-going HVAC deficiencies in the building, the Department of General Services Design Engineers are now recommending valve replacement.

3. Replace Door Closers - \$35,000

The original project scope was to use existing door closures. However, it was determined the existing door closures cannot be adjusted to comply with ADA specifications which requires new closure installation.

4. Stairwell Doorframes and Doors - \$15,000

Costs due to the need to provide stairwell frames and doors that are one-hour fire rated as noted in the State Fire Marshal citation.

5. Extension of the Schedule - \$220,000

The project changes listed above will extend the project schedule. Extension of the schedule will result in the following additional costs:

- Department of General Services Architectural and Engineering Services (A&E) - Estimated cost of design services required thru the end of the project, based on the extended completion date of the schedule and design services required to comply with the State Fire Marshal deficiency notices.
- Department of General Services Project Management fees - Additional costs associated with the extended project schedule
- State Fire Marshal fees for additional forecasted costs associated with State Fire Marshal reviews and inspections thru the end of the project.
- Department of General Services Inspection Services - Estimated cost of inspection services required through the end of the project, based on the extended completion date of the schedule.
- Contractor 'per-day' fee associated with the extension of the project schedule, for every day the project is delayed.

6. Additional Contingency for Remaining project - \$63,000

Replenishing the contract's contingency fund to cover other possible overruns that may occur.

7. Architectural Revolving Fund Fee - \$9,000

This fee is assessed on all departments transferring funds to Department of General Services via the Architectural Revolving Fund, per section 4.70 of the Budget Act of 2013. The fee is 1.233percent of the transfer amount, rounded.

This project delivery is administered and directed by Department of General Services. The Department does not have authority or the control over contract administration by Department of General Services.

An additional \$534,000 in supplemental funds is needed to complete construction.

**LESSONS LEARNED:**

Department of General Services is a control agency and is responsible for project delivery. They are expected to be the subject matter expert for ARF funded projects. As a result of the outcome

of this project, an independent third party construction manager should be sought out to work in collaboration on future projects with Department of General Services. The department recently performed an audit of the funds transfer process in an attempt to assure proper monitoring of the project budget for future projects. In order to reinforce the audit findings we would request that transparent project budget reports be required per the project management plan.

**FUNDING OPTIONS:**

**OPTION A:** Approve this request for supplemental funds, as presented above, for \$534,000 to allow this project to complete construction.

**OPTION B:** Deny this request, direct the Department to risk another State Fire Marshal citation as a result of non-conformance to the original citation. The Department has considered this option and determined that the adverse impact to employees as a result of not having a fully functioning Fire, Life Safety system in the building would result in higher risks, greater costs, and more disruption to employees.

**RECOMMENDED OPTION:**

The Department recommends that this request of \$534,000, as presented in Option A above, be approved to allow this project to complete construction.